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SOURCE Sobraniye postanovleniy i rasporyazheniy Soveta ministrov SSSR (Collec-
 tion of Decrees and Orders of the Council of Ministers USSR), 30 July
 1949, No 9, Item 68.

THE CONCLUSION OF ECONOMIC CONTRACTS

DECREE OF THE COUNCIL OF MINISTERS OF THE USSR

The Council of Ministers USSR finds that its decrees on the conclusion of economic contracts have been unsatisfactorily executed in recent years.

Despite the great importance of contracts in insuring execution of government-approved plans for supplying the national economy with products of established assortment and quality, many economic organizations, contrary to law, have not been concluding contracts. Some contracts which have been concluded are purely formal and do not contain specific commitments by the contracting parties.

Economic organizations attach too little importance to contracts. Ministries and other government agencies exercise inadequate supervision over the conclusion and execution of contracts.

The practice of making deliveries without a contract reduces the responsibility of suppliers, frequently results in shipment to the customer of products which he does not need, in an increase of above-norm stocks, and in excesses of unwanted goods.

When there are no contracts and when contracting parties are not held closely to their agreements, it is possible for supplier enterprises to overfulfill plans for gross output by producing goods of secondary importance, by failing to carry out their assignments for the more important kinds of production of standard quality and assortment, and by ignoring the demands of consumers.

At the same time the absence of contracts and the nonobservance of contracts make the customer less responsible for statements of requirements and specifications, result in the issuance of inexact orders, in the frequent change of specifications, and in refusals to accept and pay for goods supplied.

- 1 -

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The State Arbitration Commission has not been considering pre-contract disputes in a number of important problems (the establishment of quantity and assortment of production and of delivery dates, the volume of work to be performed and the time in which it is to be performed, and technical conditions of delivery in conformance with approved standards), as was provided for by the 19 December 1933 Decree of the Council of People's Commissars USSR.

In view of the great importance of economic contracts in the nationwide effort to complete the postwar plan of reconstruction and development of the national economy ahead of time, to improve the quality and assortment of production, to improve cost accounting and to accelerate the turnover of capital, the Council of Ministers USSR decrees:

1. That ministries, central establishments, central offices of cooperatives, and the councils of ministers of the union republics make sure that annual economic contracts for 1949 are concluded by economic organs no later than the following dates:

General contracts	10 May 1949
Local and direct contracts	1 June 1949

Seasonal contracts and contracts for short periods and for single deliveries are to be concluded within 10 days after the date of delivery has become known to the contracting parties.

That the Ministry of the Metallurgical Industry, the Ministry of the Coal Industry, and the Ministry of the Petroleum Industry are to conclude contracts for the second half of 1949 by 15 June 1949.

2. That, beginning with 1950, annual economic contracts are to be concluded on the following dates:

General contracts -- within 30 days after approval by the government of the state plans for supplying the national economy.

Direct and local contracts -- within 60 days after approval by the government of the state plan for supplying the national economy.

3. All economic contracts are to be concluded on the basis of the plan and the basic (general) delivery regulations common to all suppliers and consumers of a given type of production.

That the supplier ministries are to work out plans for new basic regulations for delivery of goods which they produce and are to come to an agreement on these plans by 1 October 1949 with the ministries and other government agencies which are their main customers. Basic regulations for the delivery of ferrous and nonferrous metals, coal, petroleum products, timber and firewood, paper, chemical products, rubber and asbestos products, machine tools and forge-press equipment, construction and road-building machinery, construction materials, prefabricated housing, flour and grain products, bread and bakery products, sugar, salt, the products of the Ministry of Light Industry, and meat, dairy, and fish products, are to be submitted by this same date to the Council of Ministers USSR for its approval.

4. General contracts are concluded between the central offices of the suppliers and the central offices of the consumers (main administrations operating on cost accounting, central offices of the cooperative system, trust, and central marketing, supply, and procurement organizations).

On the basis of general contracts, the lower units of the supplier organization conclude local contracts with the lower units of the consumer organization.

- 2 -

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In the absence of general contracts, the suppliers and consumers conclude direct contracts with each other. Ministries and other government agencies are required to provide in the plans for basic regulation for the exact instances in which direct contracts only will be concluded.

5. General contracts provide for:

a. The number and group assortment of products which are to be delivered, and their distribution among suppliers and consumers (for a whole year, and in certain cases, for quarters)

b. The method and dates for presenting specifications and issuing schedules

c. Exact specification of the enterprises which are to conclude local contracts with each other

d. The property penalties which may be imposed upon contracting parties for nonfulfillment of commitments made in the general contract (failure to present specifications, failure to issue schedules, etc.), and for failure to conclude local contracts on time.

6. Local and direct contracts specify the exact obligations of the supplier and consumer: the exact quantity of goods which is to be delivered and the delivery dates; the quality of the product, and in certain cases, the makeup and assortment of the shipment; the price of the product and the total cost of the goods to be delivered; the method of settlement; and the property penalties for nonfulfillment of contracts.

7. That the State Arbitration Commission attached to the Council of Ministers USSR shall consider promptly all disputes within its jurisdiction which arise either in the negotiation or in the execution of contracts.

8. That it is necessary to restore the positions of legal advisers or, depending on the volume of work, of contract and legal divisions in economic organizations which conclude contracts.

That the State Personnel-Planning Commission (Gosudarstvennaya shtatnaya komissiya) attached to the Council of Ministers USSR (Comrade Mekhlis) is to consider the proposals of the ministries and other government agencies on this subject within 10 days.

21 April 1949, No 1586

I. Stalin, Chairman,
Council of Ministers USSR
M. Pomaznev, Secretary,
Council of Ministers USSR

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- 3 -

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